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(Statutory Body under an Act of Parliament)



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DAILY NEWS DIGEST BY BFSI BOARD

22 June 2024



ECONOMY

India imported 8.3 MT steel in FY24, becomes net importer of the metal: From being an exporter of steel, India became a net importer of the metal in FY24, with an overall trade deficit of 1.1 million tonnes. Exports from India were impacted by weak global markets and competitive pricing by China, while South Korea and Japan maintained their export volumes to the country, according to a report by Crisil. India imported 8.3 million tonne (MT) of finished steel in FY24, a 38% year-on-year increase, primarily from China, South Korea, Japan, and Vietnam. The country had been a net exporter of steel since FY17.

(Financial Express)

Centre may up capital expenditure and welfare spending in full Budget: The upcoming Budget for fiscal 2024-25 is likely to see increased capital expenditure and welfare subsidy allocations compared to the estimates projected in the Interim Budget earlier this February. The Centre had allocated Rs 11.11 lakh crore, representing an 11 per cent increase over budget estimate for the previous fiscal year, and a 16.9 per cent rise over the actual spending.

(Business Today)

All-India Consumer Price Index for Agricultural Labourers Up 7% On Year In May: The All-India Consumer Price Index for Agricultural Labourers (CPI-AL) and Rural Labourers (CPI-RL) (Base: 1986-87=100) registered an increase of 6 points each in May 2024, reaching levels of 1269 and 1281, respectively. The main items that drove the indices were vegetables, pulses, wheat (atta), onion, milk, turmeric whole, ginger, fish fresh, jowar, pan leaf, medicines, shirting cloth (C.M.), saree (C.M.), leather chappal, etc. The point-on-point inflation rate based on CPI-AL was recorded at 7.00% in May 2024 showing a deceleration from 7.03% in April 2024. Conversely, for CPI-RL, the inflation rate was recorded at 7.02% in May 2024, a marginal increase from 6.96% in April 2024. The corresponding figures for May 2023 were 5.99% for CPI-AL and 5.84% for CPI-RL.

(Business Standard)



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BANKING & FINANCE



RBI amends certain guidelines on Priority Sector Lending: RBI has amended certain norms specified in the Master Direction (MD) on Priority Sector lending pertaining to definition of MSMEs, monitoring of Priority Sector lending by UCBs and Adjustments for weights in PSL Achievement. The MD specifies that the lists of districts with comparatively high and low PSL credit are valid until FY 2023-24 subject to review thereafter. Based on a review, the lists of districts have been updated. These lists will remain valid until FY 2026-27 and will be reviewed thereafter. Accordingly, from FY 2024-25 onwards, a higher weight (**125%**) would be assigned to the incremental priority sector credit in the identified districts where the credit flow is comparatively lower, i.e the per capita PSL less than **₹9,000 (earlier it was Rs.6000/-)**, and a lower weight (**90%**) would be assigned for incremental priority sector credit in the identified districts where the credit flow is comparatively higher, i.e the per capita PSL greater than **₹42,000 (earlier it was Rs. 25000/-)**. Therefore, para 7 of the MD on PSL has been updated as mentioned above.

(RBI Notification)

Bring InvITs within ambit of bankruptcy law for recoveries: SBI MD: The country's largest lender, State Bank of India (SBI), has flagged the need to bring the infrastructure investment trusts (InvITs) within the ambit of bankruptcy regulations to give comfort to lenders that these trusts, like any other corporate body, can be used for recoveries. Ashwini Kumar Tewari, managing director (corporate banking), said, "In the InvITs space there is still concern because as a vehicle it is bankruptcy remote. There is the issue of stress testing of mechanisms for recovery from the InvITs and special purpose vehicles under it. That is yet to be done." He was addressing the Associated Chamber of Commerce (Assocham) Summit on NBFCs and Infrastructure Financing.

(Business Standard)

SBI pays Rs 6,959 crore dividend to govt: State Bank of India (SBI) on Friday paid a dividend of Rs 6,959 crore for the financial year 2023-24 to the government. The dividend cheque was presented to Finance Minister Nirmala Sitharaman by SBI Chairman Dinesh Kumar Khara in the presence of Financial Services Secretary Vivek Joshi. SBI declared a dividend of Rs 13.70 per share for the financial year 2023-24, higher than Rs 11.30 per equity distributed for the previous year.

(Economic Times)



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INDUSTRY OUTLOOK



Mastercard-backed fintech firm Pine Labs weighs \$1 bn IPO in India: Pine Labs Pvt, an Asian digital payments provider backed by Peak XV Partners and Mastercard Inc., is considering raising about \$1 billion in an initial public offering in India, people familiar with the matter said, amid increasing investor appetite in the nation's stock market. The company may seek a valuation of more than \$6 billion in an IPO, the people said, asking not to be identified because the matter is private. Pine Labs may issue both new and secondary shares, they said. It could also opt to do a pre-IPO fundraising round ahead of any listing, two of the people said.

(Business Standard)

NBFCs need to focus on compliance, risk and liquidity, says RBI executive director R Lakshmi Kanth Rao: Non-banking finance companies (NBFCs) were advised by RBI executive director R Lakshmi Kanth Rao to prioritize compliance, risk management, liquidity management, and customer protection. Rao emphasized the regulatory differences between banks and NBFCs, noting the need for NBFCs to enhance compliance systems and balance business with prudence. NBFCs cannot expect to be treated on par with banks because they are regulatorily different Rao told an audience of top executives at a conference organised by industry lobby group Assocham.

(Economic Times)



REGULATION & DEVELOPMENT

IBBI to strengthen creditors' rights on personal guarantors: The insolvency regulator, IBBI, proposes to make it unequivocally clear that the submission or approval of a resolution plan for a corporate debtor under the IBC does not automatically release guarantors from their liability to repay the debt. It now seeks to amend its CIRP Regulations to ensure that submitting a resolution plan does not prevent creditors from enforcing their rights against the personal guarantor (PG). Insolvency law experts said this IBBI plan will likely provide legislative clarity, strengthen creditors' positions, and



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boost recoveries from PG. The Insolvency and Bankruptcy Board of India (IBBI) has released a discussion paper addressing, among other things, the “release of guarantees in a resolution plan.”

(Business Line)

PFRDA eyeing 28% NPS assets growth for FY25 at ₹15-lakh crore, says Chairman Mohanty: Buoyant equity markets and a widening NPS subscriber base in private sector have encouraged pension regulator PFRDA to target NPS assets of ₹15-lakh crore by March 2025. This reflects a 28 per cent jump over AUM of ₹11.73-lakh crore recorded as of end March 2024. “The target of ₹15-lakh crore is certainly not ambitious. Achieving this target is however subject to the equity markets continuing with its ongoing momentum,” Deepak Mohanty, Chairman, PFRDA, said here on Friday. As of June 15, NPS assets stood at ₹12.39-lakh crore, up 28.28 per cent year-on-year. It maybe recalled that a strong-showing from the non-government sector helped NPS assets record a robust 30.5 per cent year-on-year (YoY) growth in 2023-24 to touch ₹11.73-lakh crore as of end March 2024. The rapid growth of overall NPS assets is evident as the AUM was only about ₹1-lakh crore in 2015. NPS assets had reached the ₹10- lakh crore mark in Aug last year.

(Business Line)

New NPS scheme: PFRDA will float new scheme with 50% equity-debt mix in July-August: National Pension System: Pension Fund Regulatory and Development Authority (PFRDA) chairman Deepak Mohanty has said that a new scheme under the National Pension System (NPS) will be launched between July and August, which will allocate 50% of investments to debt and 50% to equity. The aim is to balance risks and returns effectively. The asset allocation will be done on the basis of age of the investor, a report in Moneycontrol said. The proportion of debt investments will increase for investors above the 45-year mark.

(Business Today)



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FINANCIAL TERMINOLOGY

ALGORITHM TRADING

- ❖ Algorithm trading is a system of trading which facilitates transaction decision making in the financial markets using advanced mathematical tools.
- ❖ In this type of a system, the need for a human trader's intervention is minimized and thus the decision making is very quick. This enables the system to take advantage of any profit making opportunities arising in the market much before a human trader can even spot them.
- ❖ As the large institutional investors deal in a large amount of shares, they are the ones who make a large use of algorithmic trading. It is also popular by the terms of algo trading, black box trading, etc. and is highly technology-driven. It has become increasingly popular over the last few years.



RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 83.5860
INR / 1 GBP : 105.8087
INR / 1 EUR : 89.5362
INR /100 JPY: 52.5800

EQUITY MARKET

Sensex: 77209.90 (-269.03)
NIFTY: 23501.10 (-65.90)
Bnk NIFTY: 51661.45 (-121.80)

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 - ❖ Guidance Note on the Internal Audit of General Insurance Companies.
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